

# REPORT

**DATE:** May 5, 2005

**TO:** Administrative Committee and Regional Council

**FROM:** Heather Copp, Chief Financial Officer, (213) 236-1804, copp@scag.ca.gov *hc*

**SUBJECT:** Approve Raising Contract Approval Threshold from \$25,000 to \$250,000

**EXECUTIVE DIRECTOR'S APPROVAL:** *J. Hual*

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## RECOMMENDED ACTION:

The Audit and Best Practices Committee is recommending approval to raise the threshold for Administrative Committee and RC approval of contracts from \$25,000 to \$250,000.

## SUMMARY:

In order to ensure accurate reporting to the Administrative Committee and Regional Council, a report will continue to be generated and included in the Administrative Committee and Regional Council agenda packet for any procurement \$25,000 and greater. These contracts will be reported to the Administrative Committee and RC under "Receive and File" as they are now for those contracts between \$5,000 to \$25,000, with the exception of the more detailed report. Any contract over \$250,000 will continue to be approved in advance by the Administrative Committee and Regional Council.

## BACKGROUND:

As a result of Best Practices, in 2000 the Regional Council began to approve all contracts \$25,000 and over after the selection process and before award of the contract. Since that time, several things have occurred that provide an opportunity to amend that policy.

In FY 2003, SCAG changed its budgeting process to break out the consultant costs from SCAG staff costs. Now all consultant contracts are identified in the budget with a "C". If there are multiple consultants under one project, each consultant is identified with a "C1", "C2", "C3", etc. By approving the budget, the Regional Council is in turn approving the use of consultants for the project. The budget should be the control point for procurement of services.

In addition, the procurement for services would be significantly improved allowing for a more expeditious selection process if changes were made. Currently the driving force in determining the schedule for the selection process is when the RC can approve the award. This creates a situation where response times, panel review, and interview preparation times are reduced as to meet a RC meeting date. This is hampering the quality of our responses and who is responding. Conversely, during the best practice discussion, one of the issues identified was an expedited process for consultant selection. This expedited process is severely diminished when potentially we have to wait six (6) weeks from the day of the completed selection for approval by the Regional Council.

## FISCAL IMPACT: *hc*

No fiscal impact.